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ABSTRACT

Public opinion polls show that most Americans (including a majority of teachers) favor merit pay for teachers. Teachers' and administrators' organizations generally oppose merit pay because there is no fair way to evaluate teachers and because the merit pay issue diverts attention from the fact that all teachers are underpaid. A review of recent literature and of successful merit pay programs revealed the following widely shared beliefs and general conclusions: (1) merit awards should be added to, not substituted for, reasonable increases based on seniority, academic credit, cost-of-living, etc.; (2) most merit pay programs that fail (and most do) do so because the evaluation procedures and/or instruments are inadequate; and (3) if a merit pay plan is adopted, it must be adequately financed. The awards must be large enough to be a real incentive, and must be available to all teachers who meet predetermined criteria. Incentive pay plans, which do not presume to judge the quality of teachers but provide more pay for more work or for filling assignments deemed to be of greater importance to the district, avoid the problem of valid evaluation and may be easier to implement than merit pay. (Author/BW)

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MERIT PAY FOR TEACHERS:

WHAT EXPERIENCE HAS TAUGHT OTHERS

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Summary

As merit pay for teachers is debated across the State, the Austin Independent School District is studying the issue to determine local options and the relative potential benefits from each for both teachers and the District as a whole. The Office of Research and Evaluation has reviewed and summarized available research on merit pay systems. The complete summary may be found in ORE Publication Number 83.40, Merit Pay for Teachers: What Experience Has Taught Others.

Public opinion polls show that most Americans favor merit pay for teachers; surprisingly, a survey of teachers conducted by the American School Board Journal reported that more than half of those responding endorsed the concept.

Teachers' and administrators' organizations generally oppose merit pay, though they have lately been more flexible. Their position has traditionally been that there is not a valid, fair way to evaluate teachers. Further, they believe that the merit pay issue diverts attentions from the fact that all teachers are underpaid.

Although there is much controvery surrounding the merit pay issue, a review of recent literature and of successful merit pay programs revealed the following widely shared beliefs and general conclusions.

- Merit awards should be added to, not substituted for, reasonable increases based on seniority, academic credit, cost-of-living, etc. Teachers are underpaid as a group.

- Most merit pay programs that fail (and most do) do so because the evaluation procedures and/or instruments are inadequate. No program will work if teachers are not convinced of the validity of the rating system.

- At present there is no measure of teaching quality which has been proven valid; process measures, as opposed to presage or product measures, show the most promise for the future.

- If a merit pay plan is adopted, it must be adequately financed. The awards must be large enough to be a real incentive, and must be available to all teachers who meet predetermined criteria. Quota systems should be avoided. Of districts reporting to the Educational Research Service (ERS) a merit pay program of 10 years duration, the median average award in 1982-83 was $1450. Awarding this amount to 16% (the median percentage reported to ERS) of AISD's 3,300 teachers would cost the District $765,600 a year.

- In addition to the cost of the awards, a good evaluation system will increase administrative costs significantly.

Incentive pay plans, which do not presume to judge the quality of teachers but provide more pay for more work or for filling assignments deemed to be of greater importance to the district, avoid the problem of valid evaluation and may be easier to implement than merit pay. Houston's Second Mile Plan is mostly an incentive plan, awarding stipends for teaching in low-income schools, being certified to teach in curriculum areas where shortages exist, accumulating graduate college hours, accepting additional duties, and having few absences. Awards are also made to all teachers at schools where students' gains on standardized achievement tests are higher than the norm for similar schools in HISD. Although there are questions about this method's validity, making these score-based awards on a schoolwide basis at least avoids pitting teacher against teacher within a school.

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Merit Pay for Teachers

As merit pay for teachers is debated across the State, the Austin Independent School District is studying the issue to determine local options and the relative potential benefits from each for both teachers and the District as a whole. There already exist some successful merit pay programs across the country. The characteristics of these should be useful in deciding AISD's approach -- or deciding not to have a merit pay plan. Public opinion and the opinions of groups of educators will influence the acceptance of a merit pay plan and deserve careful attention. Consequently, this report is intended to summarize for AISD staff what experience has taught others about merit pay for teachers.

I. History

Early in this century, merit pay was "the norm for compensating teachers," according to one review (Educational Research Service 1983). Beginning in the 1920's, more and more school systems began to adopt salary schedules in an attempt to end the disparity in pay between elementary and secondary teachers and between males and females. Use of merit pay revived in the 1950's, stabilized around 10% in the 1960's, then declined in the 1970's.

Now, in response to the widely perceived decline in school effectiveness, merit pay is gaining favor again. The most recent national survey (ERS 1979) found that fewer than 4% of the nation's school districts were using merit pay, but that number is probably higher now, and will probably continue to climb.

II. Attitudes Toward Merit Pay

Public. A recent Newsweek poll, cited in the September 1983 issue of the American School Board Journal, found that 80% of those polled favored merit pay; a probably more valid Gallup poll put the figure at 61%. Clearly, the concept has strong public support.

Politicians. Given this public support, it is not surprising that politicians have begun to express their belief in merit pay. The Reagan Administration saw an opportunity to take the side of concerned parents against giant teacher unions (Cramer 1983). Secretary of Education Terrel Bell has supported merit pay for over 20 years.

Outside the administration, merit pay has drawn support from:

- The House of Representatives, which established a Task Force on Merit Pay for Teachers in June 1983;
- John Glenn, who has announced a plan for 25,000 national merit awards of $1,000 each, and;
- The state of Florida, which has appropriated $233 million to fund

a merit pay program, and Texas, Arkansas, Arizona, Georgia, and Maryland, which have formed commissions to study the issue.

School Administrators. The American Association of School Administrators supports merit pay, with some qualifications. They believe that all teachers' salaries should be raised before any merit pay system is begun, and that there must be agreement concerning the administration of the system among teachers, administrators, and the community. The National Association of Elementary School Principals is against merit pay, while the National Association of Secondary School Principals believes that incentive pay plans are worthy of further discussion (ERS 1983).

Teacher Unions. The American Federation of Teachers opposes merit pay but recognizes the realities of present public and political opinions. They propose the following criteria for merit pay plans (McCormick 1983).

- Any new compensation plan should include higher base pay for all teachers.
- New teacher evaluation patterns should be negotiated, to protect teachers' ratings against subjectivity and local school politics.
- Teachers who do not receive extra pay should suffer no loss of tenure, status, or security.
- Decisions to grant extra pay must be subject to fair and objective review procedures.
- Applying for and receiving merit pay should be voluntary and open to all; awards should be made to a substantial proportion of staff.
- "Simplistic" measures, such as achievement scores alone, are not acceptable.
- Any plan adopted must be accepted by the local union.

The National Education Association is opposed to merit pay, but "willing to talk about anything" (Ficklen 1983). They state that "NEA is categorically opposed to any plan...that bases the compensation of teachers on favoritism, subjective evaluation in the absence of clearly defined performance criteria, student achievement, or other arbitrary standards" (Ficklen 1983).

In general, unions believe that there is no fair way to evaluate teachers. They fear that merit pay is a public relations ploy that will be used to keep most teachers' pay low while helping only a handful. Their position is that all teachers are underpaid and that merit pay plans divert attention from this.

Rank-and-File Teachers. A 1983 survey conducted by the American School Board Journal reported that 63% of the teachers responding endorsed the concept of merit pay. Thirty-nine percent think that principals should do the evaluating, while 25% prefer their peers.

Forty-one percent of teachers responding said that the criteria should be a combination of effectiveness and seniority/academic credit, with each weighted equally, while 27% wanted a combination with the emphasis on evaluated performance. Only 18% were in favor of salary determined by seniority/credits alone (the traditional union stance).

The major fears of teachers are that merit ratings encourage teachers to remain silent about problems, foster competition among teachers, and compel teachers to conform to the attitudes of the rater.

The last of these has some research support. Clarke (1973) showed videotapes of teacher performances to raters, each of whom judged each teacher's overall quality. Results showed that a teacher's rating depended on the congruence of the teacher's style (academically-oriented or child-centered) with the rater's preferred style.

III. What Experience Says

Merit pay is a subject of intense debate and has been for years. Consequently, hundreds of viewpoints, opinions, and experiences have found their way into print, including at least two attempts at exhaustive surveys by the Educational Research Service (1979; 1983). The following digest of findings draws heavily on these two reports, as well as on a recently published compendium from the Phi Delta Kappa Center on Evaluation, Development and Research (1983), and a series of articles in the September 1983 issue of the American School Board Journal.

Reading these surveys leads to the conclusion that although there are many differences of opinion on merit pay, there are also many widely shared beliefs and general conclusions to be drawn.

The rate of base pay must be competitive. Merit awards should be in addition to reasonable increases based on seniority, cost-of-living, academic credit, etc. Teachers are in general underpaid.

Most programs that fail (and most do) do so because the evaluation procedures and/or instruments are inadequate. Evaluators must be well trained and competent. In Dalton, Georgia, for example, all principals receive formal evaluation training and are certified in performance evaluation techniques by the state. The instrument used must use objective, behavior-based ratings and must be carefully developed and validated. If teachers do not have complete confidence in the validity of the ratings, a merit pay system will not work.

Merit raises must be available to all who qualify, based on predetermined criteria. A quota system pits teacher against teacher and should not be used.

A merit pay system must be adequately financed. A good merit pay plan will cost more than a regular salary schedule. The merit awards themselves must be large enough to be a real incentive to teachers.

Most districts underestimate the costs of merit pay. Increased costs are incurred in three major areas.

- First, the program must be well and thoroughly planned, including the development and validation of a good assessment instrument and extensive training for the raters.
- Second, administrative costs will go up, by 18% according to one estimate (ERS 1979).
- Third, of course, are the merit awards themselves.

To get a rough idea of the potential cost of the awards, we defined a successful merit pay program as one which has lasted at least 10 years and made a list of the districts nationwide that reported "successful" programs to the ERS survey (1983) and also provided information concerning the percentage of teachers receiving awards and the size of the average award. Among the eight school districts meeting the criteria, the median percentage of teachers receiving awards was about 16% (range 3% - 100%), and the median of the average awards was $1450 (range $360 - $3300). (See Figure 1 for a complete list.) Leaving aside the significant question of how much must be awarded to how many teachers to have a real impact on the quality of teaching, awarding $1450 a year to 16% of AISD's approximately 3,300 teachers would cost the District about $765,600 a year.

Teachers, administrators, school board members, and community leaders should all be involved in developing the plan. It must be accepted and supported by all before it is implemented. A superintendent who has run a merit pay program for 20 years says, "Don't try (to impose a system on teachers) unless you're only a couple of years from retirement" ("Heed these voices..." 1983).

If principals are to serve as evaluators, their jobs must be structured to allow the time necessary for effective evaluations. Dalton, Georgia's principals spend from six to eight weeks per school year on personnel evaluations.

The plan itself should be publicized, but winners' names should *not* be made public.

IV. The Biggest Problem: A Valid, Reliable Assessment Method

A true merit pay plan necessarily requires evaluation of teachers, and the major objection to merit pay has always been that there is no proven method to measure good teaching. Soar (1983) has recently published an extensive review of the literature on measures of teacher quality; his conclusions should be carefully considered by those who want to avoid the invalid evaluation methods which have plagued most merit pay systems.

There have been three general approaches to measuring teacher effectiveness. The first, presage measures, are those that describe teachers before they enter the classroom. Examples are such things as IQ, National Teacher Exams (NTE) scores, degree status, graduate courses in education, and years of experience. The second approach uses process measures - what actually happens in the classroom, including classroom organization and interactions between teacher and pupil. The third major approach uses product measures, or measures of change that occurs in students as a result of spending time in the classroom. The most common is academic achievement, but attitude measures are also used.

Such predictors as IQ and NTE scores have not been shown consistently to relate to any criterion of teacher effectiveness. (Not even Educational Testing Service, the publisher of the NTE, makes such claims.)

The usual product measures, academic achievement scores, likewise are not adequate despite their intuitive appeal. If teachers know that their students' end-of-year test scores are going to be used to determine their pay, the temptation to "teach to the test" will be overwhelming; moreover, extra effort must be put into test security and monitoring to insure the integrity of the scores. Finally, some statisticians believe that there are no really valid ways to correct for pre-existing differences in the ability levels of different classrooms (Campbell and Erlebacher 1970).

Dallas' merit pay plan, begun in 1983, relies heavily on students' test scores; it should be interesting to see how it works out. In our opinion, their proposed measures are inadequate. Houston's Second Mile Plan also provides for stipends based on test scores, but there are many other criteria as well.

Soar's (1983) conclusion is that process measures show the most promise, but that research has only begun to relate specific teacher behaviors to good outcomes for students. One review of the literature has found almost no correlation between behavioral ratings of teacher effectiveness and any reasonably objective measure of student outcomes (Medley and Mitzel 1959); a more recent study (Coker, Medley, and Soar 1980) assessed five evaluation instruments having "considerable development" and found no consistent correlations between competency scores and pupil outcomes. This finding has been confirmed in AISD (Holley 1978). Ratings have also been shown to be affected by observer bias (Clarke 1973) and "halo effects," the tendency of ratings on supposedly specific attributes to reflect the rater's overall judgement of the person (Cooper 1981).

Nevertheless, process measures can be valid if the raters are well trained, the ratings are of very specific behaviors, and, most importantly, these behaviors are known empirically to be related to student outcomes. According to Soar's (1983) review, only three measures of classroom behavior have been shown to be useful across all pupil groups, objectives, and grade levels. These are

- Minimizing negative affect,
- Minimizing physical movement and socializing, and
- Organizing smooth, efficient transitions.

Thereafter effective styles of teaching depended on students' socioeconomic status, cognitive level, and grade level. This is an active area of research, however, so empirical evidence about effective techniques should continue to be published.

To summarize briefly this discussion of assessment methods: at present there is no single measure of teaching quality that is known to be valid; process measures show the greatest promise for the future.

V. A Different Approach -- Incentive Pay

An approach to differential pay which does not attempt to evaluate teacher quality offers an alternative to merit pay. Incentive plans can be broadly defined as systems which pay teachers according to their value, with value defined in terms of the amount of service provided or the critical needs of the district, rather than as quality of teaching.

Houston's Second Mile Plan is, for the most part, an incentive plan. Of the seven criteria for extra pay, only one, "Outstanding Educational Progress by Students," is evaluative. However, the awards are based on achievement gains at a schoolwide level, so this plan at least avoids pitting teacher against teacher within a school (although evaluating teachers by their students' test scores is still controversial).

The other six criteria in the Houston plan are:

- Teaching in a school with a high concentration of economically and educationally deprived students,
- Being certified and teaching in a curriculum area in which teachers are in short supply,
- Accumulating graduate college hours in curriculum and instruction appropriate to one's assignment or to an assignment in an area of critical shortage,
- Having an outstanding attendance record,
- Accepting instructional responsibilities requiring extra duty time, and
- Recruiting another teacher into the district.

In the second year of the plan (1980-81), the attendance baseline requirement for eligiblity was decreased from 10 to 5 absences or fewer.

Houston's program has coincided with decreases in teachers who resign, retire, and transfer; in staff vacancies; in staff turnover; and in teacher absences. Academic achievement improved, although HISD has been careful to point out that several programs designed to improve achievement have been implemented in the last few years and that achievement gains cannot be attributed to the Second Mile Program alone.

In the first two years of the program, about $11 million was paid to approximately 10,000 teachers, for an average of $1,100 per teacher. In the first year, two thirds of HISD's teachers qualified; this was reduced to one third the second year because of the reduction in baseline absences allowed for one to qualify.

Teachers' attitudes toward the plan have been mixed. In the middle of the second year, only 58% of stipend recipients and 39% of nonrecipients thought it should continue.

HISD believes that incentive pay should be in addition to a higher base pay rate for teachers and has proposed raising the beginning teacher's salary to $21,000, with no more than 10 years of experience needed to qualify for $34,000/year. The District has also proposed offering health insurance through a health maintenance organization, expansion of a van pool program, and providing low-cost day care for employees' children aged 18 months to four years.

VI. Conclusions

The current climate of public and political opinion favors paying the "best" teachers the highest salaries. Although most teacher merit pay plans fail, and although the federal government found it to be unworkable (Silverman 1983), and private industry has found it to be at best very difficult to implement and of questionable effectiveness (Lawler 1981; Brinks 1980), the idea has such intuitive appeal that it continues to thrive.

As we have tried to show, merit pay is expensive and requires a lot of planning and development to have any chance at success. The major, and perhaps insurmountable, problem is the development of a valid, reliable evaluation system. It appears that an incentive system such as Houston's Second Mile Plan could reward teachers based on their value to the District while avoiding the problems inherent in trying to rate the quality of teaching.

City	No. Awards/No. Teachers	Average Award	Range
Lafayette, LA	50/250	$1,400	$1,400-1,400
Glastonbury, CT	35/325	560	250-2,040
Evanston, IL	11/431	1,839	1,225-3,677
West Newbury, MA	13/196	400	400-2,300
Ladue, MO	245/245	3,300	2,100-4,500
Schenectady, NY	200/240	1,500	1,000-2,000
Upper St. Clair, PA	14/250	3,500	2,641-4,605
Elroy, WI	25/78	360	200-550

Figure 1: 1983 CHARACTERISTICS OF MERIT PAY PROGRAMS WHICH HAVE BEEN IN OPERATION FOR AT LEAST TEN YEARS AND WHICH PROVIDED DATA TO ERS.

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